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Asian Feed Experts Take Course in U.S. Methods

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SOUTH KOREA— T

Since August 15, 1948, when South Korea became an independent republic after 40 years of occupation by the Japanese, that country's agriculture has seen substantial development.

By CHARLES E. GOODE
Foreign Regional Analysis Division
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In the past 20 years, much progress has been made in improving and expanding South Korea's agriculture. Although Korea is still a food-deficit country, its farmers are now supplying more food to a population that has nearly doubled since 1948. In addition, they are producing a limited range of commodities for export.

From 1948 to 1964, farm production increased on an average about 3 percent annually. Currently, the estimated per capita daily food intake of South Koreans exceeds 2,400 calories, compared with 2,200 calories in 1961, which was already a substantial improvement over earlier years.

South Korea's food consumption has increased more than food production in the past 20 years mainly because of an increase in population, increasing urbanization, and rising per capita income. It is estimated that about 10 percent of the food presently consumed in the country is imported, mainly under U.S. aid programs. Self-sufficiency in agriculture is one of the basic aims of South Korea's Second Five-Year Development Plan (1967-1971).

South Korea participates in numerous international trade organizations, and its interest in world affairs is growing. Since April 1967, it has been a member of the General Agreement on Tariffs and Trade; it is also a member of the Food and Agriculture Organization of the United Nations and the Economic Commission for Asia and the Far East.

The farm setting

The magnitude of the accomplishments of Korean farmers in the past two decades can be realistically appraised only when considered in light of handicaps Korean agriculture has had to overcome in this century. These include 40 years of Japanese occupation, geographic division after World War II, and a war in the 1950's that disrupted much of the farm economy, destroyed a big share of the livestock.

Despite recent industrial development, South Korea is still a nation of small farmers, who are feeding about nine persons per acre of farmland. Most are now owner-operators. Before the land reform program began in 1949, more than half of the land was tenant operated; rental rates often amounted to half or more of the crop. Land reform was accomplished through a national land-redistribution program.

—Two Decades of Agricultural Achievement

Large holdings were purchased by the government, then reapportioned and sold to landless farmers under convenient long-term purchase plans.

With the advent of land ownership, farmers began to spend more of their income on fertilizers, improved seeds, and other production-increasing measures. Agrarian reform has caused farmers to identify themselves more closely with the land, a circumstance that has heightened their interest in its care and development. Encouragement has been given to the keeping of livestock and the cultivation of silk, fruits, and other farm products that find ready and profitable markets. Land reform has also assisted in the development of Korea's chief resource—its people.

Perhaps the key to Korea's agricultural success lies in the attitude and approach of the farmers. The Korean farmer is generally an intelligent, literate, and hard-working individual. He has shown himself willing to accept at a fairly rapid rate the new techniques which the government is fostering through an agricultural extension service receiving help and guidance from U.S. technicians provided by the Agency for International Development.

Farm production

Rice is Korea's most important farm product. Its cultivation occupies some 56 percent of the area in crops and accounts for about two-thirds of total grain production. From 1948 to 1967 the area planted to rice grew from about 2.75 million acres to about 3.06 million acres. Between 1948-58 and 1959-65 the average annual production of paddy increased 20 percent. Production in 1967 is placed at 5 million tons.

Barley, the second most important crop, is consumed mainly as a rice substitute by the poorer people. As income rises, there is a tendency for barley consumption to decline as consumers switch to rice. Production of barley is generally sufficient for domestic demand. Plans for converting some barley land to wheat have been announced as a move to cut down wheat imports. Other leading food crops grown in South Korea are vegetables, fruits, wheat, millets, grain sorghums, corn, soybeans, and pulses. Important commercial crops are tobacco, cotton, hemp, and mushrooms. Silk has become an important source of farm income. Poultry and livestock production is expanding.

Land reclamation and improvement

Korea is very mountainous, with the cultivable area largely restricted to narrow mountain valleys. In this crowded country, the good potential agricultural land was taken up long ago. In recent years, however, substantial progress has been made in adding to the farmland base through land reclamation. Total cultivable land in 1951 was 4,800,000 acres; by 1966 it had reached 5,666,000 acres.

The additional land was obtained by reclaiming part of coastal areas, leveling and rearrangement of paddy fields (reducing walkways and other unproductive areas), and bench terracing of hillsides. Of these land-augmenting schemes the most productive has been coastal-area reclamation. In addition to enlarging the country's total land mass, the development of new areas along the western and southern coast has also slightly changed the map of Korea.

In 1960 only 3 percent of all rice land was devoted to two-crop farming; today most rice paddies are producing another crop as well as rice by the use of vinyl hothouses. Also, irrigation has been expanded and improved by installing pumping facilities, dams, and reservoirs. The share of rice paddies under irrigation increased from 75 percent in 1960 to 84 percent in 1966.

Fertilizers

When Korea was divided at the end of World War II, the country's fertilizer industry was concentrated north of the 38th parallel, leaving South Korea with the need to import all of its fertilizer. Consequently, South Korea's fertilizer consumption in 1948 totaled only 127,000 metric tons. By 1961, the country had developed a fertilizer production capacity of approximately 310,000 tons per year, and by 1967 this capacity had doubled. At present South Korea has five fertilizer factories in operation, and its total production exceeds domestic requirements; however, imports of potash and phosphate will continue for some time.

In September 1967, South Korea became a fertilizer exporter for the first time when one of its firms entered into a contract with Pakistan to sell 20,000 tons of urea. An exportable surplus of 37,000 tons of urea is expected in 1968. Korean farmers now use an average of about 156 pounds of fertilizer per acre—a rate of use exceeded in Asia only by Japan and Taiwan and more than triple the level of use of any other Asian country.

The development of an effective government-administered distribution system has been partly responsible for the country's rising fertilizer consumption. For rice, fertilizer is distributed on a barter basis—a bag of ammonium sulfate for a bag of rice. For other crops, fertilizer is distributed on a credit or cash basis. Several hundred local demonstration plots teach farmers both the method of applying fertilizer and its value.

Seed improvement, cooperatives

For a number of crops, successful efforts to develop faster growing, earlier maturing varieties have enabled farmers to increase both yields and the number of crops grown per year. The country has two national seed-breeding stations—one at Suwon and the other at Iri. In addition there is at least one seed-breeding station in each Province. The seed-improvement program, which has been concentrated on rice and upland grains in the past, is now putting more emphasis on fruits and vegetables.

Facilitating the distribution of improved varieties is an expanded network of seed-multiplication farms, which work in collaboration with local farmers' associations. The seed multiplication program has already eliminated the need for imports of vegetable seeds.

Nearly all farm families in Korea belong to the government-sponsored farmer cooperatives known locally as farm-

ers' associations. These associations have enabled the farmers, with their characteristically small individual holdings, to pool their efforts and resources. The cooperatives process and market agricultural commodities, purchase and distribute farm supplies, provide credit, and organize rural improvement projects. They also provide the institutional support for the Agricultural Extension Service.

Aid from the United States

For more than two decades, a high degree of cooperation has prevailed between Korean and U.S. agencies that are concerned with farm development. Aid from the United States has contributed substantially to practically all phases of Korea's agricultural progress.

In addition to supplying technical assistance, the United States has provided capital for economic development projects in both the private and public sectors. Substantial assistance has also been made available through sales of U.S. agricultural commodities for local currency; a small part of the currency accruing from such sales has been made available for economic development. Most of these sales have consisted of U.S. cotton, wheat, and flour.

Foreign trade

Expanding exports and holding imports down are basic policy goals. Despite rapidly expanding exports, a wide trade gap still exists, which is largely covered by U.S. aid. In 1967, export earnings amounted to nearly $320 million, compared with $250 million the previous year and less than $33 million as recently as 1960. Earnings of $470 million have been projected for 1968. The goal for 1971 is $1,550 million. The bulk of the expansion is in manufactured items.

Korea's agricultural exports rose from $12 million in 1960 to $47 million in 1966 and totaled $46 million in 1967. The food-export level is expected to be still higher in 1968. Raw silk moved upward from $1.3 million in 1960 to over $11.6 million in 1966, to $15.0 million in 1967. In 1967 South Korea became the world's second largest exporter of raw silk. Silk, rice (in years of good harvest), and live swine are the major agricultural exports. Canned asparagus and mushrooms, tobacco, and ginseng are increasing in importance.

The United States, Japan, and South Vietnam are the chief foreign buyers of South Korean products. Principal products moving to the United States are veneer and plywood, raw silk, garments, and cotton textiles.

Imports in 1967 reached $966 million, compared with $716 million in 1966. They are expected to exceed $1 billion in 1968. U.S. exports to Korea in 1967 totaled $305 million, up $51 million from 1966. The United States was Korea's second largest supplier, after Japan. However, the percentage of total imports from the United States (commercial, P.L. 480, and AID-financed) continued to drift downward (35 percent in 1966 and 31 percent in 1967).

Most imports of farm products come from the United States. In 1967 the United States provided $125.8 million or 69 percent, compared with some $115.5 million or 83 percent in 1966 and $104 million or 85 percent in 1965. Principal U.S. agricultural exports to Korea are wheat and wheat flour, cotton, barley, corn, tallow, anhydrous milk fat, and nonfat dry milk.

Imports of wheat, rice, and barley reached 788,000 tons in 1967, compared with 451,000 tons in 1966. Some 82 percent was from the United States. The worst drought in 70 years hit four southern Provinces in 1967, necessitating imports of rice from California and Taiwan. Grain import requirements in 1968 may be the highest in history. There is likely to be a continuing, and probably expanding, need for wheat imports, although some rice may be exported in future years. Raw cotton is second only to grains as an agricultural import. Cotton has been acquired mainly through U.S. Government programs. Cotton will remain an important import item, but a developed Korean economy will eventually be able to buy it for dollars.

The market for imported farm products is expected to both expand and diversify. Most of the agricultural products that Korea will import in the future will be products of the kind that are grown in and exported from the United States. The United States is in a favorable position to supply this market, but competition will be keen.

One major U.S. effort to compete in the growing Korean farm market will be made this coming September 9 through October 20 at the First Korea Trade Fair, to be held in Seoul. A USDA-sponsored exhibit at this fair will demonstrate and promote the availability and high quality of U.S. wheat, feedgrains, edible fats, and soybeans. Other countries that will participate in the fair include Sweden, Japan, West Germany, Switzerland, Thailand, and the Republic of South Africa.

CACM Proposes Surcharge

The Central American Common Market last month proposed an emergency balance-of-payments Protocol which would establish a surcharge of 30 percent on nonessential imports from third countries, including the United States. Each member country must ratify the measure for it to become effective and individually enforce the new duties. So far only Nicaragua is openly supporting it.

The 30-percent surcharge would be assessed on existing duty rates, not the c.i.f. value, so that a commodity already coming in with a duty of 10 percent, for example, would require a payment of 13 percent. The Protocol would also provide for optional sales taxes of 10 or 20 percent on a number of items, including some foods (seafood, fruits, nuts, chocolates, and various canned meat items, fine cheese, jellies, and sauces).

Most agricultural products shipped to CACM countries from the United States would be exempt from the surcharge, but one or two of importance would be affected—tallow and some feed and ingredients, such as soybean meal and meat meal.

The surcharge as drawn up would also affect firms which now have duty-free access to CACM countries for their raw materials because of industrial incentive laws. And this is how tallow is affected; this product is imported duty free into El Salvador because local soap manufacturers receive benefits of the industrial development law.

The new Protocol also provides for additions to the list of exemptions in cases where basic industries such as agriculture and livestock would be affected and when improvement of balance of payments so warrants. Most agricultural inputs such as fertilizers, insecticides, and farm machinery are on the exemption list.

—Based on a dispatch by RICHARD S. WELTON
U.S. Agricultural Attaché, San Salvador

Japan's Roller Coaster Pork Situation

During June of 1967 the Livestock Industry Promotion Corporation of Japan, a quasi-government agency, made heavy purchases of domestic pork to maintain the minimum price of US$0.40 per pound guaranteed to Japanese farmers for top-grade hogs—carcass basis. Japan had a temporary pork oversupply. This summer the government is importing pork to hold down domestic pork prices, which have shot up because of diminished pork marketings, and has sent representatives to the United States and other countries to evaluate purchase possibilities.

Although the general trend of pork production in Japan has been vigorous expansion, sharp changes in hog numbers, volumes of pork marketed, and pork prices have occurred sporadically. For example, pork marketings have had the following wavy upward trend in recent years: 1961, 206,000 metric tons; 1962, 324,000 tons; 1963, 279,000 tons; 1964, 298,000 tons; 1965, a jump to over 407,000 tons; 1966, another jump to 565,000 tons; and 1967, 619,000 tons. Marketings in 1968 will probably be lower than in 1967.

Production within each year is also rather uneven. Most sows farrow in late spring in Japan, and young pigs are ready for market beginning in December of the same year. For example, in 1966, the number of hogs sold in December was 207,000 head more than in November—an increase of more than 50 percent.

Pork production

Because of its rapid growth in recent years, pork production now provides the agricultural economy with more income than does any other type of meat production. It also stimulates most of the sales of formula feeds (about 75 percent) in the country. And much of the feed material comes from the United States.

The hog industry is undergoing marked changes. For example, the number of hog farms is becoming fewer while the herd size per farm is increasing rapidly. In 1965 the average herd size was 5.7 head; in 1968 it is expected to be 10.5.

Most suppliers of feeder pigs still have very small herds and treat breeding as a farm sideline. Because of the difficulty small breeders have in predicting hog-market conditions, they have contributed to alternate oversupplies and shortages of feeder pigs and widely fluctuating feeder-pig price levels. Many (over 80,000) hog raisers who fatten hogs for market have now established their own feeder-pig supply herds so that they will not have to buy from independent breeders.

However, extensive vertical integration of the hog industry is absent. Although several large meat processors and feed companies are now considering programs of integrated hog breeding, growing, feeding, slaughter, and marketing, the past fluctuations in market prices and pork supplies have discouraged such enterprises. Other reasons for hesitation on large-scale operations are the heavy investments required in animals and equipment and the difficulties of controlling swine diseases on large hog farms.

A definite change in the industry is a shift from meat-type hogs (Yorkshires and Berkshires) to bacon-type hogs (for example, Landrace). Bacon-type hogs are definitely gaining in popularity in the preference trend.

Technically, hog housing and feeding are improving as herd sizes are increasing. Small growers, however, still tend to have makeshift buildings for hogs and too many hogs in a small space for best results. Confined-pen feeding systems are the most common facilities on hog farms in Japan. Although small farms and farms in outlying areas still use slop-fed sweetpotatoes, drainings, and garbage for feed, most professional hog farmers now use formula mixed feeds.

Wholesaling techniques change

According to a marketing study prepared for the U.S. Feed Grains Council, the traditional buyer of finished hogs in Japan is the hog merchant, who travels to small farms and buys for cash. A merchant's payment depends on his evaluation of a live animal. However, hog merchants are gradually losing influence as professional pork producers increase in number.

Hog auction markets have been established in 11 major cities to provide fair prices to hog growers and to eliminate excessive profit taking by hog merchants. In these objectives the auction markets have generally succeeded. Wholesale prices in areas that have auction markets are now controlled by auction prices.

Traditional city wholesalers, however, still have a dominant position in establishing wholesale prices in areas without auction markets. In cities where auctions exist, wholesalers may buy in competition with the clients they used to serve. A few wholesalers have diversified into slaughterhouse, retail store, and carcass center operations.

Carcass centers, located in production areas, are often combinations of several small slaughterhouses into larger new slaughtering, cutting, freezing, and refrigerating plants. The number of carcass centers is now over 60, and the government is encouraging their establishment by participation in the ownership in some centers. Others have cooperatives as backers.

Carcass centers pay producers by carcass weight and grade rather than by evaluation of the live animal. Their prices are roughly the same as auction market prices and are higher than prices paid by traditional hog merchants.

Another innovation is that some meat processors are taking advantage of their large refrigeration facilities by selling fresh meat as well as processed goods and are acting as fresh meat wholesalers.

Retail and consumer patterns

Sales to consumers are tightly in the grip of small, traditional pork retail stores. In both Tokyo and Osaka about three-quarters of all pork retail purchases are made at traditional stores. Supermarkets are as yet too few in number to have a substantial portion of total pork sales. The traditional retailers have large markup on pork pieces (25 to 30 percent), handle small volume per store, and are generally resistant to change.

Some mass retailing is developing, however. Brokers make mass pork sales to the institutional market, which used to buy chiefly from retailers. Brokers can sell large volumes of cut carcasses more cheaply than retailers because brokers have regular direct contacts with carcass centers.

The likeliest serious competitors with the traditional pork and beef stores, however, are the cold chains. This type of retail store specializes in the sale of cooled or frozen foods—meat, dairy products, poultry, and fruits and vegetables. Cold chains have large refrigeration facilities and can handle big quantities of pork. However, few cold chains have been established as yet.

Fluctuation causes

Several factors contribute to the instability of pork production and prices in Japan. First, producers need better information on which to base plans for future production and present marketing. Too often they withhold animals from market when prices are rising and sell heavily when prices are down. Second, the government price-support strategy, while it helps prevent collapse of the market, gives many hog raisers little incentive to cut back production during oversupply periods. Third, traditional wholesalers and retailers are a bottleneck to increased pork production and consumption because of their small-volume methods and high charges per piece of pork handled. More efficient pork distribution in Japan would enlarge the producers' market and help it to stabilize. Vertical integration of the hog industry would also help smooth production cycles.

Foot-and-Mouth Quarantines Lifted in United Kingdom

The worst foot-and-mouth epidemic in the history of British agriculture is now officially over. All internal restrictions on movement of cattle, sheep, and pigs within the United Kingdom have been lifted. (See *Foreign Agriculture,* March 18, 1968, p. 2, for a map showing areas quarantined at the height of the epidemic and for background information.)

The infection, which began on October 25, 1967, resulted in 2,360 separate outbreaks of the disease in England and Wales and the slaughter of 210,539 cattle, 104,285 sheep, 114,819 pigs, and 39 goats. The total number of animals killed as of June 25, 1968, was 429,682. For comparison, the worst previous epidemic occurred during 1922, 1923, and 1924, when there were 4,509 outbreaks and 271,000 cattle, sheep, and pigs were killed.

Of the 2,360 outbreaks in the recent bout with the disease, only 18 occurred among restocked animals—that is, on premises where infected animals had been killed and the farm buildings, barn lots, and other animal areas disinfected before healthy animals were put on the farm. Considering the large area of infection and the activity of the particular strain of virus, type O_1, the low number of recurrences points up the thoroughness of eradication measures and the effectiveness of quarantine restrictions.

The monetary loss caused by the disease has been heavy. Direct compensation to farmers for slaughtered animals will probably exceed US$63 million. Both direct and indirect economic losses are estimated to be more than $360 million.

The ban on imports to the United Kingdom of fresh, chilled, or frozen beef or pork from Latin America was lifted on April 15, 1968; but the prohibition on imports of the same categories of lamb or mutton or offals from that area remains in effect. British exports of breeding cattle may drop for some time.

—Based on dispatch by
KENNETH E. HOWLAND
Assistant U.S. Agricultural Attaché, London

LIVESTOCK POPULATIONS[1] AND NUMBERS SLAUGHTERED IN BRITISH COUNTIES AFFECTED WITH FOOT-AND-MOUTH DISEASE—October 25, 1967, to June 25, 1968

County	Outbreaks	Cattle			Sheep			Pigs		
		Population	Slaughtered	Percent slaughtered	Population	Slaughtered	Percent slaughtered	Population	Slaughtered	Percent slaughtered
England:	*Number*	*Number*	*Number*	*Percent*	*Number*	*Number*	*Percent*	*Number*	*Number*	*Percent*
Chester	1,021	277,100	90,858	32.80	90,600	16,035	17.70	135,000	42,732	31.70
Derby	52	214,400	5,932	2.77	186,000	4,239	2.30	50,900	578	1.10
Gloucester	8	219,100	1,049	.48	266,200	507	.19	124,200	2,256	1.80
Hereford	5	176,700	1,095	.62	563,800	4,251	.75	63,900	927	1.45
Lancaster	21	337,300	2,623	.78	396,200	3,097	.78	303,200	871	.03
Leicester	1	172,600	64	.37	203,100	13	.01	73,700	....	....
Lincoln	6	212,600	1,087	.52	357,800	1,052	.03	250,600	1,949	7.77
Northampton	4	128,100	319	.25	302,100	795	.03	67,000	74	....
Nottingham	2	107,300	299	.28	88,500	24	....	96,800	51	....
Shropshire	727	340,000	65,760	19.30	577,900	41,023	7.10	170,000	39,599	23.30
Stafford	136	269,100	13,225	4.90	150,600	6,707	4.50	105,100	3,997	3.80
Warwick	2	148,400	265	.18	217,700	662	.03	87,900	23	....
Westmorland	1	136,800	48	.35	493,800	76	....	12,000	....	....
Worcester	33	114,100	3,042	2.60	224,400	6,418	2.80	101,300	3,610	3.56
Total England	2,019	2,853,600	185,664	6.50	4,118,700	84,899	2.10	1,641,600	96,667	5.90
Wales:										
Denbigh	86	130,900	8,153	6.20	606,600	7,431	1.20	39,900	4,144	10.40
Flint	191	73,200	13,131	17.90	99,700	7,198	7.21	35,100	10,506	29.90
Monmouth	1	97,600	31	.03	292,400	82	....	13,400	....	....
Montgomery	63	141,800	3,560	2.51	799,500	4,675	5.80	32,900	3,502	10.60
Total Wales	341	443,500	24,875	5.60	1,798,200	19,386	1.10	121,300	18,152	14.90
Grand totals	2,360	3,297,100	210,539	6.40	5,916,900	104,285	1.80	1,762,900	114,819	6.50

[1] Based on June 1967 Census of Agriculture for England and Wales.

Despite a temporary setback due to drought, production of Australia's six major edible oils is expected to press forward to a position of self-sufficiency.

Expanding Australian Oilseed Industry

Drought during 1966-67 reduced oilseed crops in Australia. But this is proving to be only a temporary setback to Australia's domestic oilseed industry, which has been expanding in recent years. Resumption of the upward trend is expected this year. In fact, the domestic market may near saturation point for some oils in the near future, and substitution for oils now imported and/or entry into the export market could mark an important step in the industry's progress.

Australian consumption of vegetable fats and oils showed further gains during 1966-67 and 1967-68. Increasing industrial activity in a buoyant economy and higher direct and indirect consumption of edible oils by a growing population were partly responsible.

Determining to a considerable extent the domestic oilseed industry's further development will be the level of tariff protection granted. This will be decided later in the year on the basis of the Tariff Board's report and recommendations resulting from an inquiry held in February-March 1967. The problem of protection is complicated by the difficulty of singling out specific oils for protection because of the easy substitutability of one oil for another. Yet blanket protection tends to encourage the production of all vegetable oils and thus apply pressure to the dairy industry. However, some form of tariff increase, with a reduction in the volume of edible oils that may be imported duty free, is expected.

Oilseeds are linked to wheat farming in this matter insofar as government policy on wheat production could affect the ultimate decision for oilseeds. If the returns for wheat look less attractive, wheat growers could look to oilseeds.

Oilseeds imports to shrink

A long view of Australia's oil and oilseed market shows a steady downtrend in oil and oil-bearing imports, with some oilseeds possibly becoming important export items. A significant volume of cottonseed is already being shipped to Japan. However, the current overall position for Australia is not one of surplus for most oilseeds.

In 1966-67, the Australian market for imported vegetable oils remained fairly stable, wtih the increase in overall demand being largely met by the growing domestic output. Significantly smaller imports of cottonseed and coconut oil were important exceptions.

But owing to the drought that devastated crops in grain areas during 1967-68, domestic oilseed production last season sank well below the level of recent years. Shortfalls will have to be met by imports of oil or oil-bearing materials. A record peanut crop has provided the only impressive harvest. Not only will the entire demand for edible kernels be met from domestic production, but an increased volume of both edible kernels and culls will be diverted to oil milling.

Peak peanut harvest

The record peanut planting—67,298 acres—registered for 1966-67 yielded a record production of 91.6 million pounds in shell (farm weight), an increase of 30 million pounds over that of the previous year. Plantings during the current season are somewhat smaller, and yields vary because of dry hot weather in April; production is estimated at about 70 million pounds in shell.

Rising domestic production has caused peanut imports to decline sharply from the high level recorded in 1965-66 to 5.7 million pounds in-shell equivalent in 1966-67, consisting largely of kernels from New Guinea. Peanut import requirements can be expected to dwindle to nothing in a few years.

Imports of peanut oil continued at around 2.4 million gallons in 1965-66 and 1966-67. However, the larger supply of domestic nuts for oil milling is now beginning to make itself felt, and imports for 1967-68 are not likely to exceed 1.8 million gallons of oil. Strong competition from cottonseed oil in the margarine industry—in addition to growing domestic supplies—will probably cause peanut oil imports to drop further. The margarine industry continues to be the major consumer of peanut oil, although an increasing volume is being sold directly to consumers at the retail level. A relatively small quantity is used in the pharmaceutical and chemical industry.

Bad year for linseed

Following the record linseed crop of 1965, plantings were restricted in 1966 and 1967 to permit crushers to reduce stocks to manageable levels. But then drought in 1967-68 pushed yields well below average, and total production is not reaching half of normal requirements. Thus, the supply position changed drastically from one of oversupply in 1966 to a shortage for the 1968 marketing year. About 15,000 tons of linseed will likely be purchased from Canada; price and availability problems are keeping U.S. linseed out of the sale. This season linseed plantings should return to normal and, given good seasonal conditions, domestic supply should again balance demand. Other purely industrial oils are not produced in significant volume, and the relatively small supply required will continue to be covered by imports.

To compete with alternative oils, Australian linseed crushers last year cut their price by 5 Australian cents per gallon to A$1.57 per gallon. The measure has apparently been effective. Australian consumption of linseed oil remained stable during 1967-68, indicating that the downward trend evident in recent years may have been arrested. Demand from the paint and varnish industry continued to fall somewhat as synthetic resins and substitute oils gained a greater share of this market. But there was some increase in other industrial usage, particularly hardboard manufacture.

Copra and coconut oil command good price

Should Philippine coconut production not expand significantly and the availability of Nigerian palm oil products remain fairly limited, the present high prices for copra and

coconut oil are expected to persist for some time.

Copra production in Papua and New Guinea, Australia's island territories, was as of April roughly equal to the comparable 1967 period. However, considering the strong rise in prices since September, copra output may be greater than earlier forecast, as native producers may be more eager to collect and process nuts at present prices. Effective March 1, 1968, the tentative mainport purchase price by the Copra Marketing Board was $A156 per ton for hot air-dried copra, $A153 for fair merchantable, and $A151 for smoke dried. Actual export prices by the Board have been quoted at around $A234 per ton. The margarine industry remains the major consumer of coconut oil, but substantial quantities are also used in the soap and candle industry.

A fall of 13 million pounds in copra imports from the previous year's level to 60 million is expected; coconut oil imports may slightly exceed last year's volume. High domestic copra and coconut oil prices, together with the ready availability of alternative edible oils like cottonseed and safflower oil, appear mainly responsible for this demand. Overall usage of coconut oil is likely to remain stable or decline somewhat, despite the population growth and general industrial expansion.

Disappointing safflower crops

Australian plantings of safflower reached a record level this season (118,500 acres compared with 94,100 in 1966-67) in both Queensland and New South Wales. But adverse weather has caused low yields, and total production is now expected to be significantly below that of 1966-67—perhaps reaching 19,300 tons, a 20-percent decline from preliminary forecasts.

Future expansion in the safflower industry is likely to be largely confined to Queensland. Low yields and reduced prices have made safflower less attractive to New South Wales growers, who can expect to grow wheat more profitably. Export prices are declining, and cottonseed oil is replacing safflower in the margarine industry.

Possible expansion in the paint and varnish segment of the industrial field is being studied. This could displace a significant proportion of the soybean oil imported from the United States.

To keep crushing plants operating in spite of the small 1966-67 crop, processors have decided to import seed from California. However, from now on a downward trend may be expected, and imports during 1967-68 are likely to fall to about 7.2 million pounds. Changes made in the present tariff structure for vegetable oils by the Tariff Board could well accelerate this decline in imports.

Revived interest in soybeans

Although Australian production of soybeans continues fairly small, it seems that some significant breakthroughs have occurred in the industry in the past year. Promising results have been obtained this season with soybean varieties introduced from the United States. Unofficial reports indicate that nodulation problems in some of the older areas with varieties bred locally are now being overcome.

The Queensland acreage, estimated at 4,600 acres, is substantially higher than the small area planted last year and comparable to the acreage of several years ago, when a sudden burst of enthusiasm for the crop occurred. Despite rains during late planting, yields are the highest to date, and an average 15 bushels per acre has been forecast for Queensland, giving the State a possible production of 1,700 tons of beans. If this progress continues, the crop could become a significant one for this relatively depressed farming area. Here again the possible change in tariff protection could make a significant contribution in making the crop more attractive to farmers.

Although an increase in oil milling is expected in the coming year, most of the Australian soybean output still goes to full-fat flour production, while imports fill the bulk of the oil requirements. Imports for 1966-67 increased 15 percent to 1.44 million gallons, but the U.S. share fell from almost 100 percent to less than 30 percent. Price made Japan the major supplier, but substantial quantities were also imported from Germany, Denmark, and the Philippines.

Although in the long run increased supplies of domestic safflower oil will reduce requirements of soybean oil for the paint and varnish industry, Australia's expanding industrial base could hold the import need at a relatively high level, and the decline will be only gradual. The effect of weather on the safflower crop will also be a significant factor in the soybean oil demand from year to year. For example, low 1967 safflower production is expected to cause a substantial increase in the need for soybean oil during 1967-68. The United States covers the bulk of current demand, but strong competition continues to be offered by West Germany.

Cottonseed output growing

Cottonseed production has been rising rapidly and is now moving into the export market. The 1966-67 cotton crop was estimated at 120 million pounds of unginned seed cotton, which would yield approximately 80 million pounds of cottonseed. About 13.5 million pounds (mainly from the Ord River area, where crushing facilities have not yet been established) were exported to Japan. Virtually all of the remainder (11.2 million pounds) will be taken up by the Australian margarine and food canning industry.

This expansion is expected to continue. Cotton production in 1967-68 reached a new record level. On present indications at least 85 million pounds of seed will be available for domestic crushing from New South Wales and Queensland production; exports to Japan are expected to reach about 19 million pounds of seed.

Decision on margarine

State quota legislation continues to limit the Australian production of table margarine to about 16,000 metric tons per year. Now, after much debate, quotas are being strictly enforced. As a result, output of table margarine has declined sharply since the 1966 high of 53.7 million pounds to 48.9 million pounds. During this fiscal year, production is expected to stabilize at the maximum provided for under legislation of about 35.8 million pounds.

Both State and Commonwealth Ministers have agreed that at this stage direct confrontation with the dairying industry should be minimized to the greatest extent possible. Thus, margarine manufacturers are concentrating on promotion, a move whose success is evidenced by the recent sharp increase in sales of cooking margarine.

—Based on a dispatch from FRED M. LEGE, III
U.S. Agricultural Attaché, Canberra

Common Market Imports Less Grain in 1967-68

The European Economic Community's 1967-68 grain imports, according to preliminary reports, were down from last year's level by some 2 million tons. The estimated 18.0 million tons imported from third countries would be the lowest total since 1964-65, but is still relatively high in view of the large 1967 domestic EEC grain crop harvested.

EEC GRAIN PRODUCTION AND TRADE

Grain and year	Beginning stocks	Production	Imports	Exports	Consumption
	Million metric tons	*Million metric tons*	*Million metric tons*	*Million metric tons*	*Million metric tons*
Wheat:					
1965-66	5.6	30.4	4.2	5.8	27.6
1966-67	6.8	26.3	4.3	4.5	27.5
1967-68 [1]	5.5	31.2	3.9	6.2	28.0
1968-69	[1]6.3	[2]30.6	—	—	—
Coarse grain:					
1965-66	4.7	29.8	16.3	3.7	42.1
1966-67	4.9	31.7	15.7	3.6	43.9
1967-68 [1]	4.7	36.3	14.0	3.8	45.5
1968-69	[1]5.7	[2]33.8	—	—	—
Total grain:					
1965-66	10.3	60.2	20.5	9.5	69.7
1966-67	11.7	58.0	20.0	8.1	71.4
1967-68 [1]	10.2	67.5	17.9	10.0	73.5
1968-69	[1]12.0	[2]64.4	—	—	—

[1] Preliminary estimates.
[2] Based on currently indicated acreage and on yields approximating the 3-year average.
Statistique Agricole.
All trade data exclude intra-EEC trade but include allowances for the grain equivalent of products traded.

Domestic consumption of grain is believed to have increased about 2 million tons this past year, and carryover stocks were up by nearly the same amount. Exports (excluding intra-EEC trade) reached a record level of 10.0 million, up 2 million from the 1966-67 level. Most of the export gain occurred in wheat, which hit a record level of 6.2 million tons.

A key element in the 1967-68 trade pattern was the relatively small increase in the use of wheat for animal feed, an increase over 1966-67 of only about 400,000 tons. Earlier it had been thought that the first year of price unification might bring a substantially larger increase with consequent displacement of feedgrain imports. A greater impact of market unification on feedgrain import patterns may begin to take shape in 1968-69, when support price differences between wheat and feedgrains will be reduced.

Grain acreage for 1968-69 will be nearly 2 percent greater than in 1967-68 reaching the highest level since 1965. Assuming an average yield of 1.23 metric tons per acre—less than last year's record 1.31 but well above the preceding 3-year average of 1.13—EEC grain production in 1968 could reach 64.4 million metric tons. With such an outturn in 1968, EEC imports in 1968-69 could show a moderate increase over 1967 even with some further increase in feed use of wheat, provided exports and stocks remain at 1967-68 levels and growth in consumption requirements is normal.

Cheese Suppliers Press U.K. To Control Imports

The United Kingdom's virtually tariff-free entry for foreign cheese has attracted increased imports this year and is drawing complaints from home suppliers and Britain's traditional overseas source, New Zealand. Most controversial feature of the import picture is the marked increase in supplies from Western Europe.

Thus far in 1968 Britain's imports of cheese are 27 percent higher than at this time last year. Almost every supplying country sent more in January-March 1968 than they did a year earlier, and in April alone imports reached 16,000 tons, nearly 2,500 more than in April 1967. New Zealand's shipments to Britain were up 27 percent to 31,029 tons, Australia's up 91 percent to 1,738 tons, and Canada's up fourfold to 1,634 tons. Imports from the Netherlands were 1,859 tons more than purchased last spring and France's, 684 tons.

Most West European countries have traditionally concentrated on exporting their various local cheeses to Britain. Lately, however, these countries have included a rising proportion of Cheddar types, long the preserve of producers in Britain, New Zealand, Australia, and Canada. Of the January-March cheese imports from France, for instance, some two-thirds was Cheddar type.

Disturbed by the rise in cheese imports from Western Europe, the U.K. milk marketing boards, the farmers' unions, and the New Zealand Government have been pressuring British authorities to introduce some form of control. They argue that West European countries are using the relatively free entry afforded by the United Kingdom as a means of "dumping" dairy surpluses which their own internal high-priced supports make unsalable at home. Other countries keep these dairy products out through quotas, licenses minimum import prices, and other controls.

Suggestions for control run from antidumping legislation to some form of nontariff barrier control. Antidumping procedures are slow and cumbersome to introduce, however, and often are difficult to justify.

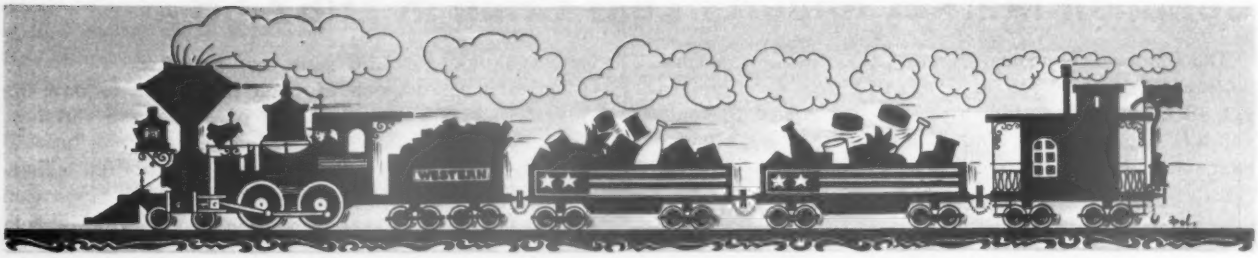
—Based on a dispatch by DAVID L. HUME
U.S. Agricultural Attaché, London

Austria Delays Milk Pricing

The Conference of the Presidents of Austria's Chambers of Agriculture has postponed from July 1, 1968, to not later than January 1, 1969, the effective date for two important milk policy measures adopted April 25, 1968 (see *Foreign Agriculture* June 17, 1968, page 7).

These measures provided for an upward adjustment from 3.5 to 3.7 percent in the butterfat requirements for milk sold, without corresponding increase in the producer milk price; and classification and price determination for milk on a quality basis.

The President's Conference cited "technical and organizational reasons" as being responsible for the milk pricing postponement.



Foods "Direct From U.S.A." to France's SPAR Stores

The Wild West did a good selling job during SPAR-France's U.S.A. Week this spring. A little pioneer train chugged its way onto posters, price cards, and advertisements, carrying the news of food bargains from the United States so well that everything bought for the promotion found its way into customers' shopping baskets—and SPAR's paper Indian headdress found its way onto many a small French head.

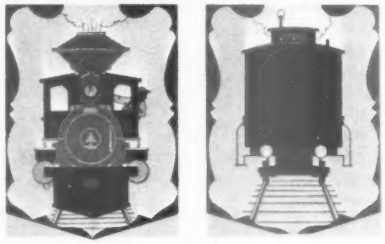
All of SPAR's nearly 7,000 stores took part in "Semaine U.S.A.," although the promotion was concentrated on 400 of the larger ones. Store owners, as they did last year, expressed enthusiasm about results; several wrote letters to the Paris headquarters pointing out their satisfaction with the event and their desire for another American week next year. Fortunately, the general strike had no effect on the SPAR promotion, which was able to go ahead on schedule.

U.S.A. week featured canned sliced pineapple and pineapple juice, canned fruit cocktail and yellow cling peaches, bottled grapefruit juice and orange juice, precooked rice, and chewing gum. All sold well.

SPAR officials feel they could sell even more U.S. canned fruits if they could get additional import licenses. But for the time being, U.S. exports of canned fruits to France are under quota.

SPAR is now building several large self-service stores—"minimarkets," not quite supermarkets. It is also modernizing its operations by methods such as data processing for records of sales and inventory.

The May issue of *SPAR Magazine*, which announced the May 13-16 promotion, also carried an article describing how a quiet town just south of Paris was turned into a warwhooping Wild West enclave called Redskin Valley. Here thousands of French fans wander past tableaus recreating the Old West and ride on just such a little pioneer train as SPAR chose for its promotion theme.



The Old West theme of the promotion was expressed even in the price tags. Some bore the head-on view of the little train; some, its caboose. On posters, cowboys galloped underneath photographs of the U.S. products.

Above, topping a display of U.S. rice, a map urges "Discover a New World—Visit the U.S.A."; far left, shoppers reach for cans of California cling peaches; left, a stagecoach carries a cargo of Florida orange juice.

Asian Feed Experts Take Short Course in U.S. Methods

By LEROY SHAFER
Information Service
Iowa State University

Iowa State University, at Ames, was host to a 38-man Japanese and Taiwanese feed technologist group for 2 weeks last month. The group attended an intensive 6-day-a-week short course that gave a first-hand look at the latest research results in feed formulation and production, emphasizing feed and feeding methods for poultry and swine. The U.S. Feed Grains Council, the National Renderers Association, the American Soybean Association, and the Japan Feed Council sponsored the course, as part of the market development program carried out in cooperation with USDA's Foreign Agricultural service.

More than 90 hours of classroom-type instruction were presented by 27 members of the ISU staff. Major subjects included vitamins and feed additives, feed formulation, principles of disease prevention, housing and equipment, antibiotic uses, management of feeding programs, and energy levels of various feedstuffs. Inspections of experimental and model feeding facilities, the National Animal Disease Laboratory at Ames, and typical farming operations in the Ames area supplemented the classes.

Why they came

The Asians' visit reflects the spectacular growth of the feed industry in the Far East. It also reflects the great importance of the expanding Far Eastern markets to U.S. producers and exporters of farm products. Japan, for example—as Walter Goeppinger, president of the National Corn Growers Association, pointed out at Ames—is now the largest single importer of American farm products, and if current trends continue, this market should increase.

In 1966, Japan imported $222 million worth of soybeans, $153 million of corn, and $118 million of grain sorghum. Projections from the Japan Feed Council show a 12.3-percent increase in imported feeds in 1968. Based on the recent trend of domestic animal feeding, Japanese feed demand in 1968 is estimated to be over 18 million tons in total digestible nutrients, of which about 63 percent will be imported.

What they did

Seigi Nakagawa, leader of the delegation and director of the Commercial Feed Section of the Japanese Ministry of Agriculture and Forestry, explained that the delegates were representatives of the more than 200 permanent commercial feed manufacturers in Japan and Taiwan. Each delegate furnished his own transportation, but the remaining expenses of the stay and short course were paid by the sponsoring groups.

A group of central Iowa farmers greeted the feed manufacturers on their arrival at Des Moines and escorted them to Ames in a caravan of 15 family cars. They were housed in a men's dormitory.

Three interpreters, brought from Japan especially for the course, provided simultaneous translation during all sessions and tours. Delegates indicated that the system worked perfectly and there was complete understanding between instructors and the group.

Course participants were honored at a "graduation" banquet the night of June 28. Members and staff of sponsoring organizations, participating faculty, and interested guests attended. The group then embarked on a 7-day field trip to New Orleans, visiting farms, mills, storage, and other feed facilities en route. Among the things they were scheduled to see were a rendering plant at Clinton, Iowa; a soybean storage and processing operation at Mexico, Mo.; and broiler operations at Springdale, Ark.

In New Orleans, the group viewed corn and soybeans being transferred from river barges to freighters for shipment to Japan. About 95 percent of the corn exported to Japan is first barged down the Mississippi from the Midwest.

What they thought

"Very interesting and useful," was their unanimous opinion of the course. Ryuichi Oishi, assistant director of comprehensive research for Kawada Feeds,

(Continued on page 12)

Right, top to bottom: Delegate uses camera with telephoto lens to record chart being projected; Ken Shindo of NRA explains farm operation of Albert Miller as Walter Goeppinger of NCGA holds off rain. Far right, little interpreter is amazed at size of Miller's tractor.

Ulstermen To See U.S. Foods at Fair

The American food trade and USDA will kick off their fall schedule of oversea promotions in Northern Ireland, ancestral homeland of 10 U.S. Presidents. Set for August 28 to September 14, the promotion—first for the United States in this area of the United Kingdom—will comprise an exhibit at the Ideal Home Exhibition in Belfast's King's Hall and store promotions in 137 retail food stores in and around the capital city.

The U.S. exhibit at King's Hall (pictured above) has been designed to give maximum exposure to a variety of American processed and staple foods. Since the fair is open to the public as well as to the trade and on-the-floor sales are permitted, U.S. firms will have an opportunity to test sell as well as to display and demonstrate their products. Three categories of exhibitors are being lined up: market development cooperators, U.S. firms already represented by U.K. agents, and firms exhibiting products new to the Northern Irish market.

Market development cooperators participating in the show with display and demonstration booths are the California Raisin Advisory Board and the Rice Council for Market Development. Long active in the U.K. market, these two groups have helped to popularize raisin bread and rice dishes among Englishmen and are looking to do the same among the Ulstermen. Several of the individual firms will be selling rice—some the parboiled and quick-instant types.

Other products up for display and sale by U.K. agents of U.S. firms will include several kinds of honey—for which the United Kingdom is the world's second largest market; canned pineapple, pineapple juice, and fruit cocktail; prunes; cake mixes; and a variety of condiments, spices, dressings, nuts, soups, and candies.

Prominent space—some of which is still available—has been earmarked for products new to the area. Equipped with refrigerator and freezer display space as well as shelf space, this area will be manned by a representative of the U.S. food industry, who will make a full report to the participating firms. Foods exhibited here may be processed or staple; specialty or gourmet; canned, frozen, dried, or glass packed. For exhibit space and instructions, contact C. E. Michelson, International Trade Fairs Division, FAS, USDA, Washington, D.C. 20250; telephone 202-388-6477.

The store promotions will focus on many of the same foods as the exhibit. For these, stores will purchase the foods to be featured, while USDA will supply display materials.

The combined fair and store promotion aims at a market of about 1.5 million inhabitants, most of them living within a 30-mile radius of Belfast.

(Continued from page 11)

summed up the feelings of most of the group this way: "The presentation on disease research and control was probably the most interesting and useful. We buy much American feed, and naturally we are interested in American feed research.

"We probably receive such research results nearly as fast as the American people. But it has been very helpful for us to actually come in contact with some of the people doing this research; it has given us an opportunity to ask questions not answered in reports and, in some instances, to compare results with research we are doing."

The delegates explained that they were much less familiar with disease control and eradication research being conducted in the United States. "And this is an area of vital importance to our feeding programs," one representative stressed, "especially to our swine and poultry producers."

All the feed manufacturers were impressed with the examples of American farms they observed on a tour of operations in the Ames area.

"The number of acres farmed by one man is unbelievable, and the size of the farm machinery is fantastic," one man said. He pointed out that the average Japanese farm is about 2½ acres and that Japanese tractors are comparable to large American garden tractors.

The relationship of the university to the public was another point cited by many of the delegates. "The American university and its research results seem to be easily accessible to the American people through publications, actual person-to-person contact with researchers, and Extension Service channels."

The American university student—his study habits and clothes—impressed nearly all the delegates. "I cannot believe the number of hours that your university students are in the classroom each day," said one representative. "A Japanese student would not think of having classes from 8 to 5."

"In Japan, our students all wear black uniforms," remarked another. "Your students appear very colorful to us. And the miniskirt appears to be very enjoyable for both the wearer and the observer."

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Between July 2 and July 9, 1968, there was very little change in the offer prices of wheat in Rotterdam. The price for U.S. Spring wheat decreased 1 cent while all others remained unchanged.

South African corn dropped 2 cents while U.S. and Argentine corn prices remained the same.

A listing of the prices follows.

Item	July 9	July 2	A year ago
Wheat:	*Dol. per bu.*	*Dol. per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	2.02	2.02	2.18
USSR 121	1.88	1.88	(1)
U.S. No. 2 Dark Northern Spring, 14 percent	2.02	2.01	2.07
U.S. No. 2 Hard Winter, 12 percent	1.99	1.99	1.99
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	1.73	1.73	1.73
Corn:			
U.S. No. 3 Yellow	1.30	1.30	1.55
Argentine Plate	1.50	1.50	1.59
South African White	1.50	1.48	1.63

[1] Not quoted.

Note: All quotes c.i.f. Rotterdam and for 30- to 60-day delivery.

New Feed Wheat Export Plan Announced

To increase export of wheat and bolster domestic farm income, the U.S. Department of Agriculture has set up a special program for sales to countries abroad which normally use wheat as livestock feed. No export certificate payment will be required for such shipments. The wheat going into export under this program will be of lower grades, and a vegetable dye will identify it for use as feed wheat.

Shipment of wheat as a feedgrain is in full compliance with provisions of the International Grains Arrangement and will not interfere with normal feedgrain export.

This program will result in the export of wheat which otherwise would remain in this country adding to carryover. It will meet foreign competition and at the same time help maintain a high volume of total U.S. wheat exports.

Belgium Imports More Soybeans and Meal

Soybean imports into Belgium-Luxembourg (BLEU) in 1967 reached a new high of 230,800 metric tons (8.6 mil. bu.), 31 percent more than the previous year's record of 175,711 tons. Imports from the United States of 228,015 tons (8.4 mil. bu.) represented 98 percent of the total and an increase of 30 percent over the previous year's imports. Belgium processed over 235,400 tons of soybeans in 1967 to meet the growing demand for soybean meal used as a high-protein ingredient by the mixed feeds industry.

Output of soybean meal rose from 132,600 tons in 1966 to 186,886 in 1967 and accounted for 73 percent of total meal production. Imports of soybean meal, mostly from the United States, reached 157,900 tons, 9 percent higher than the 1966 imports. Utilization of soybean meal—276,000 tons—accounted for 47.5 percent of the total cakes and meals used in 1967.

BELGIAN SUPPLY-DISTRIBUTION OF SOYBEANS, SOYBEAN MEAL, AND TOTAL CAKE AND MEAL

Item	Soybeans		Soybean meal		Total cake and meal	
	1966	1967	1966	1967	1966	1967
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Stocks, Jan. 1	15.4	23.3	0.8	0.9	7.2	7.1
Production	....	....	132.6	186.9	205.8	255.7
Imports	175.7	230.8	144.8	157.9	423.6	416.3
Total supply	191.1	254.1	278.2	345.7	636.6	679.1
Exports	(1)	....	37.3	62.3	73.0	86.9
Domestic use	167.8	234.4	240.0	276.0	556.5	581.3
Stocks, Dec. 31	23.3	19.7	.9	2.4	7.1	10.9
Total distribution	191.1	254.1	278.2	345.7	636.6	679.1

[1] Less than 50 tons.

Belgian Oilseed Crushers Association, National Institute of Statistics.

Argentina's Sunflowerseed and Peanut Crops

Argentina's Department of Agriculture has released second estimates for the 1968 production of sunflowerseed and peanuts. Sunflowerseed production was revised to 1.01 million metric tons—up 110,000 from the first forecast, indicating a crop second only to last year's record outturn of 1.12 million tons. The increase in production over the first estimate was attributed to February-March rains favoring later crop sowings and to dry weather at harvest. The area planted to sunflowerseed was revised downward from the first estimate of 3.06 million acres to 2.98 million, of which 2.67 million are expected to be harvested.

Peanut production, now estimated at 282,800 tons, is 44,000 less than previously indicated and 20 percent below the 1967 crop of 358,000 tons. Drought seriously hampered the peanut crop in its initial stages especially in Córdoba Province, where 99 percent of the peanuts are grown.

Small Rise in U.K. Oil and Fat Consumption

The amount of oils and fats used by manufacturers of margarine and shortening in the United Kingdom increased slightly during 1967 to 406,000 long tons from the 401,000 required in the previous year. Margarine producers used 7,000 tons more oil in 1967, but less oil was used by the shortening industry.

Marine oils represented the principal source of fat and made up 53 percent of total usage, compared with 47 percent in the preceding year. Fish oil utilization rose to 211,000 tons—up 18 percent or 32,000 tons over the 1966 volume. Most of the fish oil is used by the margarine industry.

The use of vegetable oils declined. The most marked reduc-

tion was in the use of palm oil, which dropped to 21,000 tons from 41,000 in 1966. Imports of palm oil from Nigeria were down 75,800 tons in 1967 because of decreased supplies of palm oil resulting from the country's civil strife. Utilization of other types of vegetable oil was lower than in 1966 with the exception of peanut oil and "other" oils. The increased use of "other" vegetable oils in margarine production resulted mainly from the introduction of sunflowerseed oil.

The slight decline in the use of animal fats reflects the decreased usage of lard by both industries.

U.K. CONSUMPTION OF OILS AND FATS

Refined oils and fats	Margarine		Shortening	
	1966	1967	1966	1967
	1,000 long tons	*1,000 long tons*	*1,000 long tons*	*1,000 long tons*
Vegetable oils:				
Cottonseed	4	3	2	—
Peanut	14	16	5	4
Soybean	25	21	6	5
Coconut	8	6	1	2
Palm kernel	1	1	2	3
Palm	41	21	23	20
Others	22	32	8	9
Total	115	100	47	43
Animal fats:				
Butter	4	4	—	—
Lard	14	13	16	12
Others	5	6	12	11
Total	23	23	28	23
Marine oils:				
Fish oil	120	143	59	68
Whale oil	5	3	4	3
Total	125	146	63	70
Grand total [1]	263	270	138	136

[1] Total computed from unrounded data.

Ministry of Agriculture and Unilever Ltd., the United Kingdom.

Tobacco Exports Up Again in May

U.S. exports of unmanufactured tobacco in May totaled 44 million pounds—18 percent above April shipments. Exports of flue-cured rose some 9 million pounds over April's trade, but shipments of the other cigarette kinds were down.

In May 1967, 48 million pounds were exported, while in May 1966, 23 million pounds were shipped. For the fiscal year through May 1968, tobacco exports were 519 million pounds, compared with 587 million during the July 1966-May 1967 period.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	May		January-May		Change from 1967
	1967	1968	1967	1968	
					Percent
Cigars and cheroots 1,000 pieces	8,541	5,385	32,105	33,729	+ 5.1
Cigarettes Million pieces	1,943	2,244	9,704	9,571	— 1.4
Chewing and snuff 1,000 pounds	12	10	90	102	+13.3
Smoking tobacco in pkgs. 1,000 pounds	100	50	457	611	+33.7
Smoking tobacco in bulk 1,000 pounds	1,544	2,417	6,185	7,070	+14.3
Total declared value Million dollars	11.3	14.3	54.7	57.8	+ 5.7

Bureau of the Census.

The value of tobacco products exported in May 1968 was $14 million.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	May		January-May		Change from 1967
	1967	1968	1967	1968	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	37,436	34,810	152,879	146,783	— 4.0
Burley	3,867	2,741	22,504	15,729	—30.1
Dark-fired Ky.-Tenn.	2,223	1,880	9,936	6,537	—34.2
Va. Fire-cured [1]	208	303	2,010	1,872	— 6.9
Maryland	2,283	313	7,167	3,746	—47.7
Green River	66	87	254	338	+33.1
One Sucker	18	28	477	135	—71.7
Black Fat	354	83	1,894	1,057	—44.2
Cigar wrapper	299	208	1,174	1,903	+62.1
Cigar binder	320	1,273	882	1,600	+81.4
Cigar filler	79	3	274	130	—52.6
Other	963	1,998	12,031	18,724	+55.6
Total	48,116	43,727	211,482	198,554	— 6.1
	Mil. dol.	*Mil. dol.*	*Mil. dol.*	*Mil. dol.*	*Percent*
Declared value	41.8	36.7	181.1	169.7	— 6.3

[1] Includes sun-cured.

Bureau of the Census.

U.S. Tobacco Imports Continue Downtrend

May 1968 general imports of unmanufactured tobacco into the United States continued the downward trend of recent months with arrivals of 12 million pounds, valued at $7 million. Shipments of cigarette leaf from Korea reached notable volume for the second straight month, bringing the total of this kind of tobacco imported from Korea to over 2 million pounds in April and May.

In May 1967, 18 million pounds were imported. Com-

U.S. GENERAL IMPORTS OF UNMANUFACTURED TOBACCO

Item	1967		1968	
	Quantity	Value	Quantity	Value
January-May:	*1,000 pounds*	*1,000 dollars*	*1,000 pounds*	*1,000 dollars*
Cigarette leaf (flue & burley)	584	170	5,238	1,666
Cigarette leaf, other	147,334	101,925	127,652	87,184
Cigar wrapper	117	603	223	936
Mixed filler & wrapper	297	576	62	356
Cigar filler, unstemmed	6,533	2,310	15,632	4,869
Cigar filler, stemmed	899	896	1,141	1,422
Scrap	6,553	1,195	12,396	2,867
Total [1]	162,317	107,675	162,344	99,300
May:				
Cigarette leaf (flue & burley)	220	38	1,237	383
Cigarette leaf, other	15,525	9,648	6,709	4,435
Cigar wrapper	27	100	71	260
Mixed filler & wrapper	68	209	0	0
Cigar filler, unstemmed	1,638	648	2,708	820
Cigar filler, stemmed	312	267	231	275
Scrap	453	105	1,299	386
Total [1]	18,243	11,015	12,255	6,559

[1] Excludes stems.

Bureau of the Census.

parable figures for the January-May period of 1967 and 1968 show U.S. general imports at about the same level in volume for both years but at about $8 million less in value for 1968 than in the preceding year.

Dip in Portuguese Tobacco Imports

Portugal imported 13.5 million pounds of tobacco last year, compared with 14.1 million in 1966. The United States remained the biggest supplier, although purchases of U.S. leaf at 4.9 million pounds were slightly under the 5.2 million for 1966. Portugal continued to increase its takings of tobacco from Angola and Rhodesia. The average price of all imports was 46.4 U.S. cents per pound.

PORTUGAL'S TOBACCO IMPORTS

Origin	1966	1967	Average 1967 price per lb.
	1,000 pounds	*1,000 pounds*	*U.S. cents*
United States	5,197	4,881	63.5
Angola	2,488	3,689	31.7
Rhodesia	1,189	1,336	45.4
Greece	1,180	1,183	40.8
Mozambique	2,028	971	42.5
Indonesia	568	596	30.0
Lebanon	346	241	40.4
Philippines	183	209	32.8
Brazil	145	109	18.3
Mexico	331	87	47.7
Others	473	210	—
Total	14,128	13,512	46.4

Canary Island's Tobacco Imports Climb

Imports of unmanufactured tobacco into the Canary Islands in 1967 climbed to a record high of 30.3 million pounds, with the Dominican Republic, Brazil, and Cuba accounting for most of the gain from the 1966 level of 24.2 million. Those three countries combined supplied 20.9 million pounds last year, or 69 percent of the total. Imports from the United States in 701,000 pounds were somewhat below those of 1966.

CANARY ISLANDS TOBACCO IMPORTS

Origin	1965	1966	1967
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Dominican Republic	8,210	5,323	9,332
Cuba	3,088	4,788	6,770
Brazil	4,030	3,180	4,830
Malawi	2,119	2,556	2,458
Angola	1,454	2,136	1,814
Paraguay	2,084	1,972	1,124
Colombia	461	651	811
United States	914	990	701
Philippines	689	1,282	412
Other	1,544	1,295	2,070
Total	24,593	24,173	30,322

Mexico To Ban Sale of Foreign Cigarettes

Mexico's Ministry of Industry and Commerce has announced that beginning in 1969 the Government of Mexico will ban the sale of foreign cigarettes.

The demand for the estimated 5 million packs of foreign cigarettes sold annually will be met by domestic production of flue-cured and burley tobaccos. Also, experiments with Turkish tobacco varieties have progressed to the stage that limitation of imports of this kind of tobacco may begin in 1972.

U.S. EXPORTS OF CIGARETTES TO MEXICO

Year	Quantity	Value
	Million pieces	*1,000 dollars*
1958	81.5	368
1959	106.9	483
1960	96.3	447
1961	112.4	512
1962	101.9	460
1963	111.9	507
1964	101.5	471
1965	111.3	533
1966	190.0	971
1967	295.4	1,518

U.K. Sets Fresh Apple, Pear Import Quotas

The U.K. Board of Trade recently announced that the July-December 1968 quota for fresh apple imports from non-sterling sources (other than Communist countries) will be 34 million pounds, the same as for this period a year ago.

The quota for imports of fresh pears during July 1968-June 1969 is 62.7 million pounds. This is the same as the quota originally announced for last year, which was later increased to 95 million pounds because of the near-disastrous U.K. pear crop. That the quota has now reverted to its former level presumably indicates prospects of a normal pear crop this year in the United Kingdom.

Canada's New Hog Grading System

A new federal grading system for hogs will go into effect in Canada starting January 1, 1969. The new system was proposed to the Canadian Department of Agriculture by the Canadian Swine Council and the Meat Packer's Council of Canada. Under this system special emphasis is placed on the percentage of lean pork. Producers of high quality hogs will receive higher prices; consumers will benefit by the availability of increased quantities of lean pork.

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Import Levy Is Biggest Price Item In U.S. Wheat Exports to EEC

Today the miller in the European Common Market who buys U.S. wheat pays well over twice as much for it as was received by the American farmer who produced it.

Handling and transportation are responsible for some of the difference in price. But mostly it is the result of the European Economic Community's import levy—a variable charge geared to the protection of the Community's own wheat growers and exporters. An example of the per bushel price additions applicable to a shipment of wheat from a farm in Kansas to a processor in the Netherlands as of April 1968 follows.

1. The average price per bushel paid Kansas farmers for Hard Winter wheat was $1.27 in April 1968. (In addition, a farmer cooperating with the 1967 wheat program would have received about 53 cents per bushel under a processor's domestic marketing certificate.) The local elevator would add about 5 cents per bushel for handling, making the price out of a Kansas elevator about $1.32.

2. The average price for 14-percent protein No. 2 Hard Winter wheat at the Gulf during April was $1.70 per bushel, which indicates that the total of premiums and handling charges from Kansas to a U.S. port on the Gulf of Mexico was about 38 cents per bushel.

3. Ocean freight to Rotterdam on a foreign vessel in April amounted to about 11 cents per bushel. This cost brought the price up to about $1.81 per bushel at Rotterdam.

4. In April, the average EEC variable import levy applied on wheat from countries outside the Common Market was $1.55 per bushel, making the landed price of the Kansas wheat at Rotterdam about $3.36 per bushel.

5. Finally, it took about 6 cents per bushel to cover the handling and transportation of the wheat from Rotterdam to a mill in the Rotterdam area, making the price to the Dutch processor about $3.42 per bushel—$2.15 more than the average price to Kansas farmers.

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